



Amy G. Rabinowitz
Counsel

June 25, 2003

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Proposal for Second Feeder Service; DTE 03-54

Dear Secretary Cottrell:

I am enclosing for filing a copy of Second Feeder Service Provision identified as M.D.T.E. No. 1069.

Thank you very much for your time and attention to this matter.

Very truly yours,

Amy G. Rabinowitz

cc: William Stevens
Joseph Rogers, Office of the Attorney General

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MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY

SECOND FEEDER SERVICE PROVISION

AVAILABILITY

Second Feeder Service is available upon request of any Customer served under the Company's Time-of-Use Rate G-3, provided that the Company agrees that such service can be feasibly and economically provided by the Company.

Second Feeder Service is the reservation of capacity on a second feeder in order to provide the capability of automatic transfer of the Customer's total load from a primary feeder to an alternate second feeder. This automatic transfer will result in typical switching times of 10 to 15 seconds.

The reservation of capacity may entail the construction of a second distribution line or the enhancement to an existing distribution line from a Company substation in order to serve the Customer's facility, including the installation of automatic switching gear that allows service from the main feeder serving the Customer to be switched to the second feeder in case of an outage of the main feeder.

Customers may take partial service from both feeders concurrently. In these instances, feeders will be designated primary service and second service.

TERMS AND CONDITIONS

If Second Feeder Service is requested by the Customer, the Customer is obligated to pay the costs of an engineering study, together with appropriate income taxes associated with the payment for such engineering study, prior to the commencement of the study, if one is necessary to determine whether service from a second feeder can be provided by the Company, regardless of whether such second feeder service is actually provided. If the construction or installation of new facilities is necessary to provide Second Feeder Service, the Customer's payment for the engineering study will be included with the anticipated revenue credit and both will be applied against the costs of such construction or installation, including the cost of the engineering study, subject to the Company's Construction Advance Policy, as defined in the Company's Terms and Conditions for Distribution Service, Policy 3.

The Company and the Customer must enter into a written agreement identifying: (i) the quantity of the requested Second Feeder Capacity Reservation, measured in kW, to be provided by the Company through its distribution system; (ii) the equipment to be provided by the Company; and (iii) the term of the agreement. The agreement will remain in effect while automatic switching capability is in operation. The Company reserves the right to remove or disable any automatic switching capability equipment upon termination of the agreement.

The Company's Construction Advance Policy shall apply to determine any advance contribution by the Customer, using an estimate of revenues based upon the Monthly Second Feeder Charge described below.

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The Company reserves the right to interrupt feeder service for maintenance activities or when necessary for operational or emergency reasons.

Where appropriate, the Customer will be required to maintain appropriate load balancing as determined by the Company.

The Company's Terms and Conditions, where not inconsistent with any specific provisions hereof, are a part of this policy.

MONTHLY SECOND FEEDER CHARGE

The Monthly Second Feeder Charge shall be set at the rate per kW established for purposes of determining the Credit for High Voltage Delivery for customers taking delivery service at 115 kV applicable under the Company's Time-of-Use Rate G-3, multiplied by the Customer's Second Feeder Capacity Reservation as specified in the Agreement between the Company and the Customer. If the Customer's second feeder requires an additional transformer, there will be an additional charge set at the rate per kW stated under the Credit for High Voltage Delivery applicable to transformation costs under Time-of-Use Rate G-3.

Notwithstanding the foregoing, if the Customer's actual billing demand, as defined by the Company's Time-of-Use Rate G-3 and Terms and Conditions, exceeds the Second Feeder Capacity Reservation, such reservation will be re-set at the actual billing demand for that month and for subsequent months unless superseded by a higher actual billing demand. To the extent the construction or installation of new facilities is required in order to provide Second Feeder Service at the re-set Second Feeder Capacity Reservation level, such construction or installation also shall be subject to the Company's Construction Advance Policy.

Additionally, if a Customer's Second Feeder Capacity Reservation requirement decreases over time or due to changes in business requirements falls below the Customer's original Second Feeder Capacity Reservation, the Company will make adjustments to the Second Feeder Capacity Reservation applicable to the Customer. The Customer must provide the Company a written request to have the Second Feeder Capacity Reservation for each month lowered below the original contracted Second Feeder Capacity Reservation. The new Second Feeder Capacity Reservation will be based upon the actual billing demand of the latest month, beginning with the next month after such request, provided that the Customer has been receiving Second Feeder Service for a minimum period of five (5) years. For requests to decrease the Second Feeder Capacity Reservation prior to the end of the initial five year term of Second Feeder Service, the Company will charge the Customer the highest actual billing demand for eleven (11) additional months, or until the end of the initial five year term, whichever occurs first. The Company will review the equipment necessary to supply Second Feeder Service at the lower Second Feeder Capacity Reservation. The Customer agrees to reimburse the Company for any costs incurred to appropriately alter the Second Feeder switchgear and equipment to provide

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Second Feeder Service at the lower Second Feeder Capacity Reservation.

However, once the Customer's Second Feeder Capacity Reservation has been adjusted to the lower, requested level in accordance with the preceding paragraph, the Customer agrees to not exceed that capacity level. If the Customer's actual billing demand exceeds the Customer's new Second Feeder Capacity Reservation, the Customer agrees to pay the difference between the actual billing demand and the new Second Feeder Capacity Reservation multiplied by the Monthly Second Feeder Charge as defined above, for the lesser of 24 months or the period of time since the Customer's new Second Feeder Capacity Reservation has been in effect. This amount will be billed by and shall be payable to the Company in a lump sum. Additionally, such reservation will be re-set at the actual billing demand for that month and for subsequent months unless superseded by a higher actual billing demand, in accordance with the provisions above. To the extent the construction or installation of new facilities is required in order to provide Second Feeder Service at the re-set Second Feeder Capacity Reservation level, such construction or installation also shall be subject to the Company's Construction Advance Policy.

METERING

The Company's existing metering equipment for electric delivery service to the Customer will remain in place in order to continue to bill the Customer's actual usage. If necessary, the Company will install metering equipment for Second Feeder Service for the purpose of metering and billing actual deliveries on the second feeder.

TERM OF SERVICE

Second Feeder Service is provided under this provision for a period of at least five (5) years. Customers may request, in writing, to terminate Second Feeder Service in accordance with the Second Feeder Service Agreement.

Effective: July 1, 2003